

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON HUMAN SERVICES**

**Call to Order:** By **CHAIRMAN ARLENE BECKER**, on March 11, 2005 at 3:00 P.M., in Room 472 Capitol.

#### **ROLL CALL**

##### **Members Present:**

Rep. Arlene Becker, Chairman (D)  
Rep. Tom Facey, Vice Chairman (D)  
Rep. Don Roberts, Vice Chairman (R)  
Rep. Mary Caferro (D)  
Rep. Emelie Eaton (D)  
Rep. Gordon R. Hendrick (R)  
Rep. Teresa K. Henry (D)  
Rep. William J. Jones (R)  
Rep. Dave McAlpin (D)  
Rep. Tom McGillvray (R)  
Rep. Mike Milburn (R)  
Rep. Art Noonan (D)  
Rep. Ron Stoker (R)  
Rep. Bill Warden (R)  
Rep. Jonathan Windy Boy (D)

**Members Excused:** Rep. Pat Wagman (R)

**Members Absent:** None.

**Staff Present:** Susan Fox, Legislative Branch  
Mary Gay Wells, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

##### **Committee Business Summary:**

Hearing & Date Posted:	SB 153, 3/4/2005
	SB 154, 3/4/2005
	SB 156, 3/4/2005
Executive Action:	HB 742 Do Pass As Amended
	SB 42 Be Concurred In

**HEARING ON SB 154****Sponsor:** SEN. JOHN COBB, SD 9, AUGUSTA**Opening Statement by Sponsor:**

**SEN. JOHN COBB** opened the hearing on **SB 154**. The bill would limit the administrative costs and the reserves of any entity under contract with the Department of Public Health and Human Services (DPHHS). The bill would allow the Department to either administer the Children's Health Insurance Program (CHIP) directly or contract the program with an insurance company or other entity. There have been questions concerning administrative costs and just what the reserves should be. He also was asking whether the Department should be running CHIP as other states have been doing. When SB 154 left the Senate, the sponsor felt it needed some work. The Department and insurance companies have been working together to define expenses. When CHIP first started, the Legislature made the decision to have it contracted out and have it as an insurance program instead of running it like Medicaid. This bill would allow the Department to run CHIP. It also states that not less than 90% of the premium may be used to pay claims and not more than 10% may be used for payment of direct and indirect expenses. The definition of expenses came from the State Auditor's Office. Blue Cross/Blue Shield (BCBS) submitted some amendments as did the Department. The sponsor thought a subcommittee should be appointed to work on the bill.

**{Tape: 1; Side: A; Approx. Time Counter: 0 - 7}**

**Proponents' Testimony:**

**REP. MARY CAFERRO** spoke in support of SB 154. She gave some background on the bill. She had been on one of the subcommittees to see how health coverage could be expanded for children. They looked at streamlining costs and all expenses that were not going directly to health care. There were questions as to what constitutes expenses. They discovered that administration costs were in excess of what the federal law allowed. The federal law stated administrative costs be capped at 10%. She explained that BCBS was the administrator of CHIP and according to the analysis at that time, it was around 19.15%. Because the State was not administering CHIP the question was asked, "Did BCBS fall under this law?" They received divided opinions but Cindy Mann who helped write the CHIP bill said that they did. **REP. CAFERRO** felt that it was important for the Department to have the opportunity to say how and who would run CHIP. Idaho administers their CHIP program and do it under the 10% cap. Pennsylvania administers their CHIP program like Montana. They have a private/public

partnership. Their per member per month (PMPM) is \$127. Their state law limits administrative reimbursement to 10% or less PMPM. She ended by saying that if there is a way to free up more money within the system without raising taxes and help more children, that is what should be done. She submitted information on CHIP administrative costs.

**EXHIBIT(huh54a01)**

***{Tape: 1; Side: A; Approx. Time Counter: 7 - 12.9}***

**Kim Abbott, Working for Equality and Economic Liberation (WEEL)**, pointed out two important points of the bill. It would allow more children to be covered with the same amount of money. It also would bring Montana into compliance with Federal Code. She submitted her testimony and urged a do pass.

**EXHIBIT(huh54a02)**

***{Tape: 1; Side: A; Approx. Time Counter: 12.9 - 14.7}***

**Chuck Hunter, Administrator, Health Resources Division, DPHHS**, explained that CHIP is one of their programs. He spoke in favor of the bill and felt that it was time to allow the option for self-insurance for CHIP. The Department has now had experience with CHIP and knows what the claims costs are and what the administrative fees should be. There are two vitally important issues in the CHIP statute. One is the ability to have more options than just buying from an insurance company. The other issue is if the Department chooses to buy insurance, should the law allow insurance companies to compete and provide a product. They are concerned about some of the wording in the current bill. They need a statute that allows the Department choice and that would allow insurers to actively and competitively bid on the product.

He submitted amendments that were prepared by the Department. They had worked on the amendments with many other participants. He explained each amendment. The first amendment provides for the Department a listing of the options the State would have available in running CHIP. The second amendment is less of a consensus amendment. It deals with the limitation on administrative fees allowable if they do purchase insurance. The rate they are currently paying is 13.65% which is above the original bill and above what the bill was amended to. He explained that any excess funds; i.e., if a reserve developed with more funds being paid in than paid out, those funds would be used by the insurer to either expand eligibility or to take kids off the waiting list. The Department does not see that as the role of the insurer to change eligibility or to reduce the waiting list. He did feel that the 10% cap was too low and they might not have a competitive market place. This would force the Department into administering CHIP. He continued to explain

about expenses and what the cap should be. The Department felt a 13% cap would be good and they could negotiate for less than that amount. The third amendment states that the Department would stay at the 10% cap and would administer the program for that amount. He asked for a subcommittee to work on defining administrative expenses.

**EXHIBIT**(huh54a03)

***{Tape: 1; Side: A; Approx. Time Counter: 14.7 - 22.6}***

**Susan Witte, Vice President and Chief Legal Counsel for Allegiance Benefit Plan Management, Incorporated, Employee Benefit Management Services and Jani McCall**, gave her testimony and handed in a written copy. She also handed in a communication piece that appears on her company's website. They stand in support of the amendments from the Department.

**EXHIBIT**(huh54a04)

**EXHIBIT**(huh54a05)

***{Tape: 1; Side: A; Approx. Time Counter: 22.6 - 25.3}***

**Claudia Clifford, AARP Montana**, urged the Committee to support a bill that would make CHIP more efficient and give the State more flexibility in choosing the best way to administer CHIP.

***{Tape: 1; Side: A; Approx. Time Counter: 25.3 - 26}***

**Linda Gryczan, Montana League of Women Voters**, supported the idea of covering more children in CHIP through lower administrative costs. She concurred with previous testimony.

**Steve Yeakel, Montana Council for Maternal and Child Health**, stood in support of SB 154.

**Colleen Senterfitt, New West Health Services**, offered their support for SB 154. They were in favor of a subcommittee.

**Eric Schiedermayer, Montana Catholic Conference**, supported the accountability, responsibility and flexibility offered by SB 154.

**Beth Sirr, Nurse/Practitioner, Helena**, stated that she had been on the subcommittee that REP. CAFERRO had served on. She felt that a 10% cap on administrative costs was good. She had read an article by Jenny Miriam in the Missoulian last May 23, 2004, and quoted, "BCBS of Montana executives say that roughly 89% of the premium dollar goes to pay for health care. Eleven percent goes to overhead including its reserves." She felt that was clear cut. Her own health insurance company has a 4.5% overhead and that includes reserves. She urged the Committee to keep the cap at 10% and to pass the bill.

***{Tape: 1; Side: A; Approx. Time Counter: 26 - 31.5}***

**Tanya Ask, Blue Cross/Blue Shield (BCBS) of Montana**, said that they supported SB 154 with flexibility for the Department. She felt it was important to differentiate the term of insurance from self-insurance. An insured program does have some other statutory requirements that a self-insured program does not. It would need to be considered that those particular statutory requirements would also be met under a program like this. Montana Comprehensive Health Association (MCHA), a high risk insurance pool, is a self-insured program and the statutory reference to the administrative services spells out what is done from the perspective of reporting, claim paying, etc. In addition, CHIP has been able to establish a special network through the private insurance program which allows payment to medical professionals and facilities at a greater rate than the current Medicaid rate. She felt that a subcommittee was a good idea.

**{Tape: 1; Side: B; Approx. Time Counter: 0 - 2.4}**

**Frank Cote, America's Health Insurance Plans**, stood in support of the bill with the amendments. He was also supportive of a subcommittee.

**{Tape: 1; Side: B; Approx. Time Counter: 2.4 - 3.8}**

**Opponents' Testimony:** None

**Informational Testimony:** None

**Questions from Committee Members and Responses:**

**REP. GORDON HENDRICK** asked how much BCBS pays back to rural hospitals. **Ms. Ask** did not know the specific amounts paid to rural hospitals. She said they look at the cost of health care in a facility which would include in-patient, out-patient and rehabilitation facilities. Twenty-five percent of the dollar goes to in-patient services and 15% of the dollar goes to out-patient services. In looking at past information, 70% of the hospital dollars were paid to the larger hospitals and 30% to hospitals with fewer than 25 beds.

**{Tape: 1; Side: B; Approx. Time Counter: 3.8 - 6.7}**

**REP. RON STOKER** inquired what kind of coverage do the children have under CHIP. **Mr. Hunter** replied that it quite comprehensive. It is benchmarked against the State Employee Benefit Plan. There is hospitalization, regular services, mental health benefits, physical health benefits, and catastrophic benefits.

**REP. STOKER** inquired about the overhead for DPHHS. **Mr. Hunter** did not know the overhead for DPHHS. In the Appropriations Subcommittee, he knew that Medicaid overhead is about five

percent of the program. He said that in preparation for this bill, administrative expenses from other insurance companies were in the 17% to 20% category.

**{Tape: 1; Side: B; Approx. Time Counter: 6.7 - 8.6}**

**REP. STOKER** wondered if BCBS was nonprofit. **Ms. Ask** replied that it is a nonprofit company. That means they do not have any stock holders or mutual benefit holders that they are responsible for paying. If there is money left over after claims and expenses, it goes into reserves and used in future years.

**REP. STOKER** asked if they had any reserves since they had the CHIP program. **Ms. Ask** said that they have had some reserves in CHIP. Some of that money has been returned to the State. In the event that, in a given year, claims exceed the amount paid in, they have relied on their reserves which have been built up from other programs that they administer.

**{Tape: 1; Side: B; Approx. Time Counter: 8.6 - 10.2}**

**REP. STOKER** inquired if the Department or the State Auditor audits BCBS. **Ms. Ask** replied that they have been audited by the State of Montana which includes the Legislative Auditor. The financial condition of the program, by virtue of the fact that it is a fully-insured program subject to audits by the State Auditor, is audited quarterly, annually and every three years with a full on-sight audit.

**{Tape: 1; Side: B; Approx. Time Counter: 10.2 - 10.9}**

**REP. STOKER** asked if BCBS would be able to effectively handle the CHIP program at 10%. **Ms. Ask** responded that if the program becomes a self-insured program, and they only administer the program with none of the risk, they could manage at 10%. If the State continues with a fully-insured program with the risk shifted to the private market, they would have to have the reserves available to pay the losses when losses occur. They would also have to have the funds to pay the additional assessments that are required from private insurers and not from self-insurers including the MCHA genetic assessment.

**{Tape: 1; Side: B; Approx. Time Counter: 10.9 - 12}**

**REP. WINDY BOY** inquired what the impact would be to the clients if the administrative costs were reduced from 13.65% to 10%. **Mr. Hunter** could not answer the question, but the Department anticipated that if insurance companies were required to have a 20% reduction in their fees they would have to correspond with a reduction in services. After looking at what the expenses really are, the Department would probably not even have companies bid at the 10% level.

**REP. FACEY** asked who was going to assume the risk and how much the administrative cost was for the State Employee Benefit Plan. **Mr. Hunter** replied that their cost is five percent.

**REP. FACEY** inquired if CHIP is assessed the one percent fee for MCHA. **Mr. Hunter** said, "Yes."

*{Tape: 1; Side: B; Approx. Time Counter: 12 - 15.1}*

**REP. FACEY** wondered if it would be appropriate to give CHIP a waiver from paying the MCHA assessment. **Ms. Ask** replied that the State has the flexibility to do that if they decided to self-insure the program. At that point, MCHA would be a moot point. She gave some figures concerning these different points of discussion and felt it would set a dangerous precedent to let one fully-insured group opt out of an MCHA assessment.

**REP. FACEY** asked if it would be appropriate for an insurer to discuss the payback of the reserves. **Ms. Ask** replied that there is the ability to do that. As groups gain experience, a number of them do a rate stabilization reserve. That type of program allows the insured group to collect their experience and keep it in a reserve fund that they can use to offset future premium increases in the event they have positive years.

**REP. FACEY** wanted to know how much reaction time is needed for that type of contract. If reserves are being built up, what type of time frame would be appropriate. **Ms. Ask** replied that most of those types of contracts are built on a year-to-year basis. Over the course of a year, the company would not change the premium rate. An annual cycle would be a good for that type of program.

*{Tape: 1; Side: B; Approx. Time Counter: 15.1 - 19.8}*

**REP. FACEY** asked Ms. Witte if Allegiance charges for being a third party administrator. **Ms. Witte** said, "Yes."

**REP. FACEY** inquired what they would charge to be a third party administrator to Missoula County Public Schools or the City of Missoula. **Ms. Witte** thought that about four percent would be charged to administer those groups.

**REP. FACEY** asked if Allegiance had received any other revenue from those contracts. **Ms. Witte** said that it would depend if the group opted to buy stop loss. Sometimes they buy stop loss from Allegiance, sometimes from the open market and sometimes just go bare without any stop loss.

**REP. FACEY** asked Ms. Witte to give an idea of what a premium for a stop loss policy would be. **Ms. Witte** replied that is

difficult, but said that stop loss is purchased at different levels. She offered to get some information for the Committee.

***{Tape: 1; Side: B; Approx. Time Counter: 19.8 - 22.1}***

**REP. NOONAN** stated that he understood there was a reserve for CHIP. He asked if that reserve was ever used to offset any costs for other programs that they administer. **Ms. Ask** explained that when the program was set up, CHIP was part of the overall pool at BCBS as a fully-insured program. Nothing separate was set up to have a distinct rate stabilization reserve. Any gains went to the overall pool and any losses went to the overall pool. Now the State of Montana does have a rate stabilization reserve. CHIP is tracked separately and distinctly for excesses and losses.

***{Tape: 1; Side: B; Approx. Time Counter: 22.1 - 24}***

**REP. CAFERRO** questioned what the difference is between rate stabilization and reserve. **Ms. Jackie Forba, Section Supervisor, CHIP, DPHHS**, said that she had been with CHIP since May, 1999. Reports from BCBS on Rate Stabilization Reserve (RSR) came every year and reported the amount of money that was collected and what was spent on both administration and claims. It also indicated the balance in the RSR. There was an understanding that an RSR existed; however, there was nothing in the contract that specified this. It was accounted for separately. In the summer of 2003, BCBS did not consider it as an RSR and at that time discussions were held as to what was a reserve and how the money in that reserve should be used.

**REP. CAFERRO** reiterated her question. **Ms. Forba** said she thinks of the two as being the same thing.

***{Tape: 1; Side: B; Approx. Time Counter: 24 - 28.8}***

**REP. CAFERRO** inquired if the reserve serves the purpose of being there for the risk. She asked how Ms. Witte's company handles a risk. **Ms. Witte** replied that in a self-funding world, the group covers its own risks. She explained how companies make these decisions.

**REP. CAFERRO** inquired how fully-insured companies handle a high risk year. **Ms. Witte** said the company assumes the full risk and that is what the premium is based on. Future premiums often do reflect the previous risk assessment.

***{Tape: 1; Side: B; Approx. Time Counter: 28.8 - 32}***

**REP. FACEY** felt that a subcommittee on SB 154 should be appointed. There seemed to be too many unanswered questions.



**Closing by Sponsor:**

The Sponsor closed.

**HEARING ON SB 153**

**Sponsor:** SEN. JOHN COBB, SD 9, AUGUSTA

**Opening Statement by Sponsor:**

**SEN. JOHN COBB** opened the hearing on **SB 153**. The bill would require DPHHS to report annual goals and performance indicators to the appropriate interim committees and their websites. They would look at five-year goals, what they have accomplished and what they hope to accomplish in certain areas. Those would be updated on a yearly basis whenever possible. This would help legislators be more aware of the different divisions within DPHHS and what they were doing. He explained his informational handout. He also had a clean-up amendment if the bill should pass.

**EXHIBIT** (huh54a06)

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 9.7}*

**Proponents' Testimony:** None

**Opponents' Testimony:** None

**Informational Testimony:**

**Jeff Harrison, Financial Specialist, Office of Planning, Coordination and Analysis, DPHHS**, spoke and informed the Committee that they do track the performance indicators listed in the bill. He was available to answer any questions.

*{Tape: 2; Side: A; Approx. Time Counter: 9.7 - 10.3}*

**Questions from Committee Members and Responses:**

**REP. MILBURN** inquired exactly what DPHHS tracks and how it compares to the indicators in the bill. He also asked Mr. Harrison how he would go about giving legislators information that would show performance indicators and results. **Mr. Harrison** said that he was not familiar with what all the divisions do. What they do track is on the handout from the sponsor. Every division tracks different things. He said they could not possibly report everything that is done by every division.

**REP. ROBERTS** was amazed at the amount of money shifted and no one group oversees where all the money is going. He wanted to know

if that was correct. **SEN. COBB** explained that each division used to do their own thing; but since the Department was formed from three divisions, money can now go from one division to another if necessary, and it can now be tracked.

**REP. ROBERTS** asked why the Legislative Audit Office would not be sufficient for what is proposed in the bill. **SEN. COBB** explained that there are three types of audits. One is a financial audit showing where the money was spent. A performance audit shows what a program is doing, but there is not enough money to do performance audits on all programs every year.

**REP. ROBERTS** asked if the sponsor agreed with the fiscal note. **SEN. COBB** said he did agree because they do give performance goals already. The problem is the legislators do not see the performance goals when they work on the budget process. Government has grown so and he would like to see legislators be more knowledgeable as they make decisions that affect Montanans.  
{Tape: 2; Side: A; Approx. Time Counter: 10.3 - 17}

**REP. FACEY** thanked **SEN. COBB** for his hard work.

**Closing by Sponsor:**

The Sponsor closed.

{Tape: 2; Side: A; Approx. Time Counter: 17 - 19.7}

**HEARING ON SB 156**

**Sponsor:** **SEN. MIKE COONEY, SD 40, HELENA**

**Opening Statement by Sponsor:**

**SEN. MIKE COONEY** opened the hearing on **SB 156** which would raise CHIP eligibility through the Federal Poverty Level (FPL) percentage. Currently children qualify for CHIP if their parents are at 150% or below the FPL. He believes there are a number of children in that category that have not been put into the program. But, he further stated, there may come a time when more funds will be available and with the ceiling at 150% of FPL, the Department would not be able to expand the program. This bill would give the Department the ability to expand the program to children whose parents are at or under 200% FPL if more money was available. The Department would increase the numbers only if they feel it would be sustainable.

{Tape: 2; Side: A; Approx. Time Counter: 19.7 - 26.6}

**Proponents' Testimony:**

**Chuck Hunter, Administrator, Health Resources Division, DPHHS,** concurred with the sponsor and declared that more funds might become available. This bill would provide them with the opportunity to respond to those changing circumstances. He gave some examples of why there may be an influx of dollars.

**{Tape: 2; Side: A; Approx. Time Counter: 26.6 - 28}**

**Eric Shiedermayer, Montana Catholic Conference,** concurred with Mr. Hunter and hoped for a do pass.

**Kim Abbott, Working for Equality and Economic Liberation (WEEL),** said that Montana has one of the lower eligibility levels. This bill would allow the Department flexibility if more funding was available.

**Steve Yeakel, Montana Council for Maternal and Child Health,** stood in strong support of the bill.

**Bonnie Adee, Montana Mental Health Ombudsman,** stated that she has, over the past several years, recommended an increase in access to mental health care for children. CHIP is one vehicle and she was very supportive of the bill.

**Claudia Clifford, AARP Montana,** said there would be rule-making that would allow the Department to raise the eligibility to a level between 150% and 200% of FPL. They do not have to raise it all the way to 200% of FPL. Federal rules require the Department to give preference to the lower income kids before they can insure higher income kids. AARP is very support of the bill.

**{Tape: 2; Side: A; Approx. Time Counter: 28 - 32}**

**Frank Cote, America's Health Insurance Plans,** believed it is important that the Department be given this tool to use if the opportunity arises. More children insured is better for everyone.

**Tanya Ask, Blue Cross and Blue Shield of Montana (BCBS),** said that for the last two years, DPHHS had a state planning grant. It was a federal grant given to Montana to examine the issue of uninsured and make recommendations on how to reduce that number. One of the recommendations that was agreed upon was the opportunity to expand CHIP. This bill would do that.

**Keith Colbo, New West Health Care,** stood in support of the bill.

**Sami Butler, Intermountain Children's Home, Montana Children's Initiative**, stood in support of the bill and also spoke for Jani MaCall, Deaconess Billings Clinic, who was unavailable.

**{Tape: 2; Side: B; Approx. Time Counter: 0 - 2.5}**

**Opponents' Testimony:** None

**Informational Testimony:** None

**Questions from Committee Members and Responses:**

**REP. NOONAN** questioned the fiscal note. **Mr. Hunter** said that if the Department lost funding either at the federal or state level, the size of the program would have to be reduced. If the Department increased the program because of a sudden windfall that had a time-limited ability, they could expand the program and reduce it later on.

**REP. NOONAN** questioned the technical note. Because the bill is vague on how the Department would determine what was sufficient funds, would that open the door to expand when it would be inappropriate. He asked how the Department would determine whether there were sufficient funds. **Mr. Hunter** offered some factors that might be involved: 1) If there was a sudden influx of federal money, there would have to be state money available to match federal funds, 2) If a legislative session were eminent, the Department could ask for the additional state match. They could model out how long the money would last and how many people could be covered, and 3) If it was during an interim, they could look within the Department to see if there were available state funds for a match. He offered some other ideas.

**{Tape: 2; Side: B; Approx. Time Counter: 2.5 - 6.3}**

**REP. ROBERTS** asked if the bill covered the Indian tribes sufficiently. **Mr. Hunter** believed that they were covered.

**REP. CAFERRO** inquired how many children leave CHIP every month. **Ms. Jackie Forba, Section Supervisor, CHIP, DPHHS**, said it varied. Children leave the program for many different reasons. Some of those reasons are: different health insurance coverage, become eligible for Medicaid, move out-of-state, etc. The average is approximately 300 children but in the past month, only 100 children left the program. New children would be enrolled to fill those vacancies.

**REP. MCGILLVRAY** asked what 100% of poverty level is for a family of one, two, three, etc. **Ms. Ask** said that for a family of two, it would be \$12,830. For 150%, it would be \$19,245. She gave

the Committee a chart showing the 2005 Federal Poverty Level Guidelines.

**EXHIBIT** (huh54a07)

*{Tape: 2; Side: B; Approx. Time Counter: 6.3 - 11.5}*

**REP. STOKER** wanted to know how many children are currently in CHIP and how many are on the waiting list at the 150% level. **Ms. Forba** replied that currently there are 10,900 who can be enrolled each month. At the beginning of this month, after the premium was paid, there were 645 children on the waiting list.

**REP. STOKER** asked if the number 10,900 is a statutory cap. **Ms. Forba** replied that the number used is budgetary--the number is the amount of children the Department can cover at this point.

**REP. STOKER** asked for clarification. **Ms. Forba** said while there is additional money in the budget, it has been determined that 10,900 is the best enrollment number for this fiscal year.

**REP. STOKER** inquired that if the FPL was raised to 200% and added 600-700 more children to the waiting list, what would that accomplish. **Ms. Forba** answered that she did not believe the Department would expand the program if more children had to be added to the waiting list.

**REP. CAFERRO** asked how attrition works. **Ms. Forba** replied that attrition is how they tend to handle the enrollment. If they have 300 children who dis-enroll in a particular month and they want to maintain the enrollment, they would add 300 children. If they wanted to decrease the enrollment, they would enroll fewer children than the number who had come out of the program. That would drop their enrollment by attrition.

**REP. CAFERRO** wondered if attrition could be used as a caseload management tool. **Ms. Forba** responded that is how they have done it in the past.

**VICE CHAIRMAN FACEY** asked how long does a child stay in CHIP. **Ms. Forba** replied that when a child is eligible, they have a 12-month continuous eligibility before they have to reapply for the program. The average enrollment is approximately ten months; but, many of their people have been on for years.

*{Tape: 2; Side: B; Approx. Time Counter: 11.5 - 14.3}*

**Closing by Sponsor:**

The Sponsor closed.

*{Tape: 2; Side: B; Approx. Time Counter: 14.3 - 17.7}*

**EXECUTIVE ACTION ON SB 42**

**Motion:** REP. HENRY moved that SB 42 BE CONCURRED IN.

**Discussion:**

**Ms. Susan Fox, Legislative Staffer**, reminded the Committee that the bill was brought by SEN. BOB KEENAN clarifying the relationship between the children's system of care, who would be responsible for children's mental health and that SSA's would be responsible for adult mental health.

**Vote:** Motion carried unanimously by voice vote 16-0. REP. WAGMAN voted by proxy.

REP. MIKE MILBURN will carry the bill.

*{Tape: 2; Side: B; Approx. Time Counter: 17.7 - 21.2}*

**EXECUTIVE ACTION ON HB 742**

**Motion:** REP. HENDRICK moved that HB 742 DO PASS.

**Motion:** REP. ROBERTS moved that HB 742 BE AMENDED.  
[EXHIBIT](#) (huh54a08)

**Discussion:**

**Ms. Fox** explained that the bill was an appropriation bill without an effective date. The appropriation will become effective July 1, 2005 but if the effective date is not put on the bill, the bill won't become effective until October 1, 2005.

**Vote:** Motion carried 14-2 by voice vote with REP. MCGILLVRAY and REP. WAGMAN voting no. REP. WAGMAN voted by proxy.

**Motion:** REP. HENRY moved that HB 742 DO PASS AS AMENDED.

**Discussion:**

**REP. ROBERTS** supported the bill. If people make their last wishes known in an advance directive or living will and have it available to hospitals and physicians, there will be fewer unnecessary lifesaving procedures done, families will be less stressed and it will be less costly.

**REP. MCGILLVRAY** thought hospitals could handle this information and felt that \$100,000 was too much to put forward on this idea.

**REP. ROBERTS** replied that advance directives would be centralized and hospitals and physicians around the country could access the information. People travel and never know when something might happen.

**REP. FACEY** explained that a person would take their advance directive to the place of registry. If the person had an accident, the hospital could call the registry and know how the person wished to be treated.

**REP. HENDRICK** said he had spoken to two hospitals and they were very much in support of the idea. This bill also is in compliance with the HIPAA law.

**REP. JONES** reiterated that the registry would be handled through the Attorney General's Office. He related a story concerning his father-in-law.

**CHAIRMAN BECKER** offered that in an advance directive, a person can say they want to have everything possible done to keep them alive.

The Committee continued to discuss the how's, where's and why's of the bill.

**CHAIRMAN BECKER** spoke about the appropriation for the bill. The largest portion is a one-time-only start-up cost.

**Motion:** **REP. NOONAN** moved that HB 742 BE CONCEPTUALLY AMENDED TO INCLUDE "AND CHAPLAINS" after "Staff" on Page 3, Line 18.

**Discussion:**

The Committee discussed this issue, the exact wording to be used and if it was really necessary. A chaplain had testified and said that he was one of the primary people who got the advance directive on a patient and told how effective it was for the hospital, doctors and families.

**Vote:** Motion failed 2-14 by voice vote with **REP. MCGILLVRAY** and **REP. NOONAN** voting aye. **REP. WAGMAN** voted by proxy.

**Vote:** DO PASS AS AMENDED MOTION carried 13-3 by roll call vote with **REP. MCGILLVRAY**, **REP. STOKER**, and **REP. WAGMAN** voting no. **REP. WAGMAN** voted by proxy.

**CHAIRMAN BECKER** appointed a subcommittee to work on SB 154. The members are: **VICE CHAIRMAN FACEY**, **REP. CAFERRO**, **REP. MILBURN** and **REP. MCGILLVRAY**.

**ADJOURNMENT**

Adjournment: 5:45 P.M.

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REP. ARLENE BECKER, Chairman

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MARY GAY WELLS, Secretary

AB/mw

Additional Exhibits:

**EXHIBIT ([huh54aad0.PDF](#))**